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10 JAN 1964

MEMORANDUM FOR: Assistant Director, Office of Computer Services

SUBJECT: Financial Code for FY 1965

1. The Director, Office of Finance, and the Director, O/BPAM, are responsible for establishing budgetary and accounting procedures, methods, and controls. We have previously discussed with you the various phases of our long range budgetary and financial objectives including:

- a. Integration of Agency accounting and budgeting in an Activity-based system.
- b. A flexible financial account numbering system.
- c. Incorporation of obligation controls and reports in a machine system.
- d. Automation of budget preparation and analysis.

2. Within the context of these objectives, a revised financial code system for FY 1965 is required. To meet this requirement and provide essential flexibility, the FAN system has been proposed by the ADP Division as an ideal adaptation. The system promises to permit the inevitable changes in requirements from year to year without destroying essential comparability. Further, it promises to be adaptable to the other contemplated phases of budgetary and financial improvement listed above.

3. The FAN system should provide for the incorporation of the following classifications of data for all Agency accounts:

- a. Fiscal Year
  - b. Type of Funds
  - c. Major Area (Deputy Directorate level)
  - d. Office or Division
  - e. Organizational sub-division
  - f. Geographic Area
  - g. Country (base)
  - h. City or Station
  - i. Activity
  - j. Category
- } See Tab A. attached

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The relatively few Advance Accounts (from other Gov't agencies) should be identified as to:

- a. Fiscal Year
- b. Funds (source)
- c. Office responsible
- d. Advancing Agency
- e. Activity (as per Tab A.)
- f. Task (as serially identified by the Assistant  
Director, Office of Finance [REDACTED])

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4. In addition to your computer reprogramming and related ADP procedures the following tasks have been defined as necessary to establish the FAN system as the Financial Code for FY 1965:

a. The accumulation and processing of the basic financial classification data:

(1) The development of a form (FAN Data Sheet) upon which to record the data desired for each account or "building block".

(2) The completion of these forms for each account anticipated for FY 1965.

(3) Printing the Financial Code and related indices. The Security aspects of the code and its distribution will be discussed later.

b. Timely and orderly reporting to the proper levels of management.

(1) There will be relatively little change in existing financial reports because the basic financial data is now being accumulated and reported on the 501. The basic objective of the FAN system is to provide greater flexibility in the arrangement of data and to accommodate future requirements for additional information.

(2) The schedule of all existing reports and their format is on record in your Office.

(3) Requirements for new reports are expected to be limited in FY 1965. At this moment only a "run" to produce the code for printing and a quarterly run of all FAN numbers with their account titles to up-date the code are foreseen. Special runs to respond to BOB questions are possible.

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SUBJECT: Financial Code for FY 1965

c. The financial classification data (FAN Data Sheets) should be available by 15 March. The code should be ready for printing by 1 May 1964, distributed to offices throughout the world by 1 June 1964. Adherence to this schedule will permit the use of the new code in accounting documents effective 1 July 1964. If this deadline can not be met, any change in the present system must be postponed to 1 July 1965.

5. In order to expedite these steps, the Committee appointed by the previous Comptroller should immediately begin its work with the various offices to complete the FAN Data Sheets for all accounts. This Committee includes:

25X1A [REDACTED] Office of Finance  
[REDACTED] Computer Services

Budget Division analysts are also available to assist the Committee.

[REDACTED]  
JOHN M. CLARKE  
Director of Budget,  
Program Analysis and  
Manpower

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Attachment  
Activity and Category Structure

CONCUR:

25X1A

[REDACTED]  
Director of Finance

1/10/64  
Date

GROUP 1  
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